

Opening Statement of
the Honorable Larry Craig,
Senator from Idaho and Chairman,
U.S. Senate Special Committee on Aging

Hearing on “*Strengthening Social Security: What Can Personal Retirement Accounts Do for Low-income Workers?*”

June 15, 2004

The U.S. Senate Special Committee on Aging will convene. Thank you all very much for being with us this morning.

Last year my good friend and ranking member of this Committee, Senator John Breaux, and I, asked the GAO to use its analytical expertise to evaluate how the Social Security “*status quo*” or “*do nothing*” plan would redistribute benefits for workers. We also asked how well personal retirement account models—and other proposals—might affect redistribution of Social Security benefits for our children and grandchildren.

I was especially interested in this report as an objective and non-partisan analysis. It is important for us to understand how any reform would impact those in most need, the low-income workers.

Today's GAO study on Social Security redistribution builds on previous reports requested by myself and Senator Breaux and presented before this committee by the Comptroller General. This Committee has been very active on issues of income security in retirement.

The GAO continues to strongly support the research interests of this Committee and we thank Mr. Walker and his staff for their high quality work products.

As the United States considers personal retirement accounts as one potential option for strengthening Social Security, it is important that we understand how different proposals impact low-, middle-, and high-income workers.

I want to emphasize that the topic of this hearing is really about America's youth. Those currently on Social Security and about to retire will not be affected by any reforms discussed here today.

Finally, I would also like to comment on a Congressional Budget Office study released yesterday with different projections on the issue of solvency compared to the Social Security Administration's Office of the Actuary.

Those who advocate we “*do nothing*” suggest the CBO supports their position because insolvency is pushed forward by another decade.

On the contrary, the problem of insolvency is still there, though we have a little more breathing room on that front. But, the cash flow deficit is still projected to occur prior to 2020.

And as many of us know, insolvency isn’t the only reason reform is necessary. We must also be concerned with long-run sustainability of the system, the adequacy of benefits, and a fair return for middle and higher income workers.

It appears the CBO projects that many low- and middle-income retirees will be receiving lower benefits than the actuaries are projecting. As a result—and contrary to the “*do nothing*” crowd’s response to the CBO study—today’s hearing on benefit levels takes on even greater importance in light of the CBO findings.

With that, I am pleased to welcome our distinguished witnesses to the Aging Committee. On panel one we will have a single witness, one who is very familiar to this Committee—David Walker, the Comptroller General of the General Accounting Office.

On panel two we will hear from Peter Ferrara, of the Institute for Policy Innovation and Club for Growth; Dr. Jeffrey Brown, professor of finance from the University of Illinois at Urbana-Champaign; Jeff Lemieux, Executive Director of Centrists.Org, a Washington DC think tank; and Dr. Christian Weller, senior economist from the Center for American Progress here in Washington.

I look forward to all of your testimony. Now let us turn to our first panel. David, please begin.